



AR24



ANNUAL REPORT 1973 EDMONTON, ALBERTA



## **OFFICERS**

Alvin Harter, President  
Robert A. Evans, Vice-President  
Gordon H. Shaw, Secretary  
Allan F. Hartley, C.A., Treasurer/Comptroller

## **DIRECTORS**

Robert A. Evans, St. Albert, Alberta  
Alvin Harter, Edmonton, Alberta  
Allan F. Hartley, C.A., Edmonton, Alberta  
Wilhelmus Kocken, Surrey, B.C.  
Helge Pearson, North Vancouver, B.C.  
Gordon H. Shaw, Edmonton, Alberta

## **OPERATING**

Mine:  
Manager, D. M. Hogarth, P.Eng.  
Geologist, H. D. R. Hughes, B.Sc. (Geol.)  
Mine Superintendent, C. A. McLeish  
Mill Superintendent, C. W. Coffey  
Mechanical Supervisor, J. Erskine  
Office Manager and Safety Supervisor, D. R. Peters  
Head Office:  
Chief Financial Officer, A. F. Hartley, C.A.  
Office Manager, E. Esslinger  
Supply and Transport, J. H. Chapman  
Chief Geologist, H. A. Sanche, B.Sc., P.Geol.

## **AUDITORS**

Thorne Gunn & Co.  
800 Bank of Montreal Building  
Edmonton, Alberta

## **BANKERS**

Bank of Montreal  
Royal Bank of Canada

## **SOLICITORS**

Bishop & McKenzie  
700 Bank of Montreal Building  
Edmonton, Alberta

## **SHARE LISTING**

Calgary Stock Exchange

## **TRANSFER AGENTS**

Canada Permanent Trust Company  
Edmonton, Calgary and Vancouver

## **HEAD OFFICE**

204, 8631 - 109 Street,  
Edmonton, Alberta

## **RECORDS OFFICE (British Columbia)**

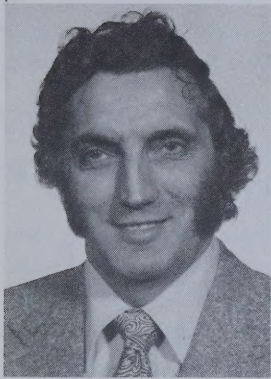
Bull, Housser & Tupper,  
3000 Royal Centre  
Vancouver, B.C.

## **MINE OFFICE**

Camsell River, Great Bear Lake, N.W.T.  
Mailing Address:  
Box 5000  
Hay River, N.W.T.

## **INCORPORATION**

Terra Mining & Exploration Limited  
was incorporated under the British Columbia  
Companies Act March 10, 1965 and registered  
extra provincially in Alberta March 31, 1967.



## PRESIDENT'S REPORT

Since November 6, 1972, the date of my last formal annual report to shareholders, Terra has experienced and survived a somewhat startling and unsettling series of highs and lows. In rapid succession we have enjoyed a period of high production and good profit levels despite relatively low silver prices, and subsequently suffered through a period of poor production and losses during the latter half of 1973. A severely cramped financial position and a resulting underdevelopment of proven ore reserves were primarily responsible for recent losses. During the last 6 months, however, dramatic new discoveries at the mine, rapidly increasing production, and record world silver prices have finally allowed the Company to establish a position from which our long-term financial viability should never again be threatened. Production during the twelve month period commencing July 1, 1974, primarily from our newly-developed 10 vein, should surpass 2.5 million ounces of silver and 600,000 pounds of copper. At current world prices this projected level of production would have a gross market value in excess of \$14 million. It is management's intention to utilize cash flow during this period to retire the balance of our original financing obligations and to initiate a dividend policy for shareholders.

Subsequent to year-end, the successful completion of our prospectus offering in February of 1974 realized \$245,000 in new funds and reduced loans outstanding by \$753,000, thus greatly easing financial pressures on the Company. I wish to thank those shareholders and loanholders who took advantage of this offering for their continuing loyalty and expression of confidence in our future.

The 1974 fiscal year is shaping up as our most exciting and profitable since incorporation. The year will witness a major underground development program which should allow us to prove up several years of additional high grade silver ore reserves. The new 10 vein has now been proven to extend from surface to a depth of 650 feet, and at that point is continuing to increase in size and grade. A recent drill intersection on this vein at that level assayed 3076 ounces of silver per ton over a 3-1/2 foot width. This intersection is exciting in that it is the richest ever encountered at the Terra Mine and because it increases the probability that the vein will continue to much greater depth. In addition, it significantly increases the likelihood that the 7, 8 and 9 veins, previously mined only to the 400 foot level, will also continue to equivalent depths. These possibilities will all be investigated and established during the current year's exploration program. The year will also see continuing exploration and development on the adjacent Norex property and the start-up of work on the Duke Mining claims, where our \$200,000 work commitment will earn a 50% interest in this promising gold prospect.

Alvin Harter  
President

May 17, 1974  
Edmonton, Alberta



# REVIEW OF OPERATIONS

## PRODUCTION

During the 9 months ended December 31, 1973 production was as follows:

	<i>Tons Milled</i>	<i>Ounces of Silver</i>	<i>Pounds of Copper</i>	<i>Mill Operating Days</i>
April	3,925	139,602	32,648	23
May	4,223	157,184	15,889	24
June	2,915	100,946	11,263	23
July	2,368	114,292	9,491	15
August	2,965	66,248	17,568	18
September	3,357	21,167	202,840	24
October	3,262	30,216	65,323	21
November	3,222	40,199	31,979	21
December	2,030	52,148	40,465	13
<b>TOTALS</b>	<u>28,267</u>	<u>722,002</u>	<u>427,466</u>	182

The poor production levels in the latter part of the year were a direct result of an insufficient supply of broken high-grade mill feed, and in turn resulted in heavy operating losses which more than offset the satisfactory profit levels achieved from April 1 to July 31, 1973.

During the early months of 1974, production continued to be low while the 10 vein was being explored, developed and broken in preparation for milling. Partial feed from this vein, however, has allowed a steady improvement in production. In April of this year, for example, the mine produced 119,130 ounces of silver and 63,550 pounds of copper from 4,590 tons of milled ore. At current world prices the gross value of April production is approximately \$750,000, which is roughly equivalent to the value of ore produced during the latter 4 months of 1973.

Full production from the 10 vein is scheduled to begin in July of this year. Again using current world metal prices and projected production levels of 200,000 ounces of silver and 50,000 pounds of copper per month, the gross value of this level of production would approximate \$1.2 million dollars per month.

## MARKETS AND METAL PRICES

World consumption of silver continues to exceed production by a wide margin. New sources of silver have not materialized despite the recent dramatic increases in the price of the metal. Since silver has no known substitute in most of its industrial applications, record prices have had no noticeable effect on demand for the metal. A very large percentage of total world silver production comes as a by-product of copper and lead-zinc mining operations. As a result, the supply of silver is relatively inelastic, and we do not anticipate the large increases in world production which would normally be inspired by record metal price levels. The fact that Terra is one of the relatively few high-grade, large-potential silver mines in the world places the Company in an excellent position to expand production as ore reserves are developed without risk of seriously disrupting world prices for the metal. Like most commodity experts, we foresee much higher prices for silver in the months and years ahead. Accordingly, management intends to place heavy emphasis on exploration and development of the Terra orebody in hopes of being able to justify an increase in mill production capacity and a corresponding increase in our profit potential.

Terra continues to market its silver and copper production through the facilities of British Metals Corporation under a short-term contract. At present, jig concentrate is being shipped to American Smelting & Refining's Helena, Montana facility, while flot concentrate is being shipped to Hoboken, Belgium for processing.

## EXPLORATION

### SURFACE

A company geologist and his assistant spent the summer of 1973 on surface grid extension and geophysical coverage of the Terra Peninsula. Most of the peninsula was covered by radiometric and electromagnetic surveys. The results of these surveys are being correlated with topographic and geologic maps at a scale of one inch to three hundred feet. Several good drill targets have been outlined to the west of the mine workings and it is management's intention to drill these targets from surface at the earliest possible date.

### UNDERGROUND

In 1972 a new vein, subsequently identified as the 11 vein, was located by surface diamond drilling about 600 feet west of the 9 vein. Follow up underground drifting on the 1 and 2 levels outlined an orebody of yet unknown dimension. Work at the time was hampered by freezing conditions in the permafrost zone combined with ventilation problems. Good silver-bearing vein and sulphide ore were established in a strong zone, with assays in the 50 to 70 ounce per ton range. Flat hole exploration drilling is presently in progress from the 4 level to test the size and quality of this structure.

In late 1973 a flat exploration drill hole from 4 level intersected native silver in a strong vein structure midway between the 9 vein and the 11 vein. To date this 10 vein has been developed on three levels with excellent results. The vein and associated shearing is the strongest mineralized structure encountered in the mine to date. It is very similar to the 7, 8 and 9 veins in mineralogy and silver content, but stronger in terms of size and depth potential. The deepest intersection to date on the 10 vein, about 650 feet below surface, averaged 3,076 ounces silver per ton across 3.5 feet of diamond drill core length.

## DEVELOPMENT

An accelerated program of underground development was initiated in late 1973, the objectives of which were to explore and develop the 10 and 11 veins on all levels and the 7, 8 and 9 veins at depth. Work on the 11 vein near surface continues to be hampered by very cold underground temperatures and poor ventilation, and will be resumed during the coming summer months. The 10 vein has now been developed on the 2 level, 4 level and 5 level. Pre-production shrinkage stopes have been started on all three levels, with 4 level stope rapidly nearing completion. The haulage ramp is presently being extended to the 6 level to enable further development of the 10 vein at depth, and work is scheduled to begin immediately on level 1 of this vein. An exploration drift is also being extended on 4 level to intersect the 7 and 8 veins. The excellent results at depth on the 10 vein make the ore potential of the 7, 8 and 9 veins at depth a very good possibility.

## ORE RESERVES

At May 1st, 1974 ore reserves were as follows:

SILVER:	Proven	19,943.6 Tons at 50.6 ounces per ton silver
	Probable	21,233.0 Tons at 35.9 ounces per ton silver
	Inferred	8,376.0 Tons at 45.9 ounces per ton silver
	TOTAL	49,552.6 Tons at 43.9 ounces per ton silver
COPPER:	Proven	5,851 Tons at 4.2 Ag, 4.53% Copper
	Probable	25,310 Tons at 2.5 Ag, 3.0% Copper
	TOTAL	31,161 Tons at 2.8 Ag, 3.28% Copper



Proven ore consists of ore broken in stopes and ore that is suitably developed on 3 or 4 sides. Probable ore is that which is reasonably assured by partial development including diamond drilling. Geologically inferred ore consists of possible extensions within the projected ore shoots on the veins where little to no exploration results are yet available.

The highest quality ore is presently being mined on the 2 level of 10 vein, where stoping commenced in late March. To May 1, 1974, 1,735 tons grading 141 ounces silver per ton were broken in this stope. Management is confident that the heavy exploration program scheduled for 1974 will significantly expand our known reserve picture.

## **DEVELOPMENT AT NOREX**

A good all weather road was completed over half way to the Norex property from the Terra Minesite during 1973. The 6 mile road should be completed during the 1974 summer season and will greatly improve ease of access and transport of materials and ore to and from the property.

An underground development program was started in 1973 but was halted shortly after startup by a fire which damaged most of the buildings and equipment on the site. Insurance proceeds are gradually allowing replacement of the equipment and our development program is slated to recommence during the 1974 summer season.

## **DUKE MINING JOINT VENTURE**

An agreement has been completed between Terra and Duke Mining Ltd. whereby Terra can obtain a 50% interest in the Duke-owned TA-DS claim groups located 50 miles east of Yellowknife. Duke has drilled a total of 68 surface holes totalling 12,410 feet on three separate mineral showings. High grade gold intersections were obtained from all three showings. Terra has shipped the required heavy equipment to the property to explore these showings by way of an extensive underground program scheduled to begin shortly. Terra will spend \$200,000 in exploration and development to earn its 50% interest in these promising claim groups.

AUDITORS' REPORT

To the Shareholders of  
Terra Mining and Exploration Limited (N.P.L.)

We have examined the balance sheet of Terra Mining and Exploration Limited (N.P.L.) as at December 31, 1973 and the statements of income, deficit, changes in issued capital and source and application of funds for the nine months then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1973 and the results of its operations and the source and application of its funds for the nine months then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

Edmonton, Alberta  
March 29, 1974

*Thorne Gunn & Co.*  
Chartered Accountants



TERRA MINING AND EXPLORATION LIMITED (N.P.L.)  
(Incorporated under the laws of British Columbia)

BALANCE SHEET - DECEMBER 31, 1973  
(with comparative figures at March 31, 1973)

ASSETS		December 31, 1973	March 31, 1973	LIABILITIES		December 31, 1973	March 31, 1973
CURRENT ASSETS				CURRENT LIABILITIES			
Cash	\$ 8,638		\$ 37,891	Accounts payable		\$ 261,845	\$ 273,758
Accounts receivable	39,098		11,168	Plant contract and accrued interest		252,644	305,642
Smelter settlements outstanding (note 1)	131,269		753,789	Other			
Supplies, at cost	240,012		278,309	Payments due within one year on long-term debt		1,096,735	1,312,470
Prepaid expenses	84,800		26,509				
	<u>503,817</u>		<u>1,107,666</u>			<u>1,611,224</u>	<u>1,891,870</u>
INVESTMENTS				LONG-TERM DEBT			
100,000 Escrowed shares of Duke Mining Ltd., at cost	10,000		10,000	Loans payable and accrued interest (notes 4 and 7)		2,421,350	3,058,719
				Less payments included in current liabilities		<u>1,096,735</u>	<u>1,312,470</u>
FIXED ASSETS							
Buildings and equipment, at cost	3,089,459		2,891,235	Plant contract		1,324,615	1,746,249
Less accumulated depreciation (note 2)	<u>922,041</u>		<u>735,870</u>	Accrued financing charges (note 5)		690,382	48,972
	<u>2,167,418</u>		<u>2,155,365</u>			<u>2,014,997</u>	<u>351,953</u>
				SHAREHOLDERS' EQUITY			
MINING PROPERTIES, including exploration and development expenditures, at cost less accumulated depletion and amortization (notes 2 and 3)				CAPITAL STOCK (notes 6 and 7)			
	<u>4,415,121</u>		<u>4,533,898</u>	Authorized			
				6,000,000 Common shares, par value 50¢			
				Issued			
				2,872,256 Common shares (2,667,256 shares at March 31, 1973)		1,436,128	1,333,628
				CONTRIBUTED SURPLUS, premium on issue of common shares			
						2,276,315	1,966,815
				RETAINED EARNINGS (DEFICIT)			
						<u>(242,308)</u>	<u>467,442</u>
						<u>3,470,135</u>	<u>3,767,885</u>
	<u>\$7,096,356</u>		<u>\$7,806,929</u>			<u>\$7,096,356</u>	<u>\$7,806,929</u>

SUBSEQUENT EVENT (note 7)

Approved by the Board

Director *Oliver Harten*

Director *R. A. Evans*



TERRA MINING AND EXPLORATION LIMITED (N.P.L.)

STATEMENT OF INCOME

NINE MONTHS ENDED DECEMBER 31, 1973

(with comparative figures for the seven months ended March 31, 1973)

	December 31, 1973	March 31, 1973
Concentrate sales	\$2,863,925	\$3,442,507
Less marketing, smelter and royalty charges	<u>788,637</u>	<u>842,141</u>
	<u>2,075,288</u>	<u>2,600,366</u>
Expenses		
Production costs	1,349,784	814,835
Administration	178,622	173,760
Interest	352,490	226,901
Financing charges (note 5)	454,700	361,363
Depreciation (note 2)	186,171	144,854
Depletion and amortization (note 2)	<u>276,888</u>	<u>210,713</u>
	<u>2,798,655</u>	<u>1,932,426</u>
Operating income (loss)	<u>(723,367)</u>	<u>667,940</u>
Other income (deductions)		
Sundry income	13,617	5,460
Loss on disposal of fixed assets		(22,672)
Loan interest adjustment		<u>(57,666)</u>
	<u>13,617</u>	<u>(74,878)</u>
NET INCOME (LOSS) FOR THE PERIOD	<u>\$ (709,750)</u>	<u>\$ 593,062</u>
Earnings (loss) per share	<u>(24.7¢)</u>	<u>22.2¢</u>

TERRA MINING AND EXPLORATION LIMITED (N.P.L.)

STATEMENT OF DEFICIT

NINE MONTHS ENDED DECEMBER 31, 1973

(with comparative figures for the seven months ended March 31, 1973)

	December 31, 1973	March 31, 1973
Retained earnings (deficit) at beginning of period	\$ 467,442	\$ (125,620)
Net income (loss) for the period	<u>(709,750)</u>	<u>593,062</u>
RETAINED EARNINGS (DEFICIT) AT END OF PERIOD	<u><u>\$ (242,308)</u></u>	<u><u>\$ 467,442</u></u>

STATEMENT OF CHANGES IN ISSUED CAPITAL

NINE MONTHS ENDED DECEMBER 31, 1973

	Capital stock		Contributed	Total
	Number of shares	Amount	surplus	
Balances at beginning of period				
As previously reported	2,667,256	\$ 917,678	\$2,382,765	\$3,300,443
Transfer to contributed surplus of discount on common shares previously issued		415,950	(415,950)	
As restated	<u>2,667,256</u>	<u>1,333,628</u>	<u>1,966,815</u>	<u>3,300,443</u>
Issue of common shares				
For cash	185,000	92,500	277,500	370,000
For aircraft	20,000	10,000	32,000	42,000
	<u>205,000</u>	<u>102,500</u>	<u>309,500</u>	<u>412,000</u>
BALANCES AT END OF PERIOD	<u><u>2,872,256</u></u>	<u><u>\$1,436,128</u></u>	<u><u>\$2,276,315</u></u>	<u><u>\$3,712,443</u></u>



TERRA MINING AND EXPLORATION LIMITED (N.P.L.)

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

NINE MONTHS ENDED DECEMBER 31, 1973

(with comparative figures for the seven months ended March 31, 1973)

	December 31, 1973	March 31, 1973
SOURCE OF FUNDS		
Net income (loss) for the period	\$ (709,750)	\$ 593,062
Items not involving current funds		
Depreciation	186,171	144,854
Depletion and amortization	276,888	210,713
Financing charges, net of payments	338,429	200,584
Loss on disposal of fixed assets		22,672
	<u>91,738</u>	<u>1,171,885</u>
Issue of common shares	412,000	
Postponement of loans payable		<u>1,795,221</u>
	<u>503,738</u>	<u>2,967,106</u>
APPLICATION OF FUNDS		
Additions to fixed assets	198,224	56,109
Mining property costs, including expenditures for exploration and development	158,111	142,457
Reduction of long-term portion of loans payable	421,634	
Reduction of long-term portion of plant contract	48,972	
	<u>826,941</u>	<u>198,566</u>
INCREASE (DECREASE) IN WORKING CAPITAL POSITION	(323,203)	2,768,540
WORKING CAPITAL DEFICIENCY AT BEGINNING OF PERIOD	<u>784,204</u>	<u>3,552,744</u>
WORKING CAPITAL DEFICIENCY AT END OF PERIOD	<u>\$1,107,407</u>	<u>\$ 784,204</u>

TERRA MINING AND EXPLORATION LIMITED (N.P.L.)

NOTES TO FINANCIAL STATEMENTS

NINE MONTHS ENDED DECEMBER 31, 1973

1. SMELTER SETTLEMENTS OUTSTANDING

Smelter settlements outstanding are valued at estimated net realizable value. In computing the estimated net realizable value, the following metal prices and currency conversions were used

(a) Concentrate for which sales contracts existed at December 31, 1973.

The metal prices and currency conversions as established by the contract.

(b) Concentrate for which no sales contracts existed at December 31, 1973.

	December 31, 1973	March 31, 1973
Metal prices		
Silver	\$3.243 per ounce	\$2.197 per ounce
Copper	\$ .914 per pound	\$ .620 per pound
Currency conversion		
1 Belgian Franc =	\$ .2470 Canadian	\$ .2497 Canadian

2. DEPRECIATION, DEPLETION AND AMORTIZATION

Fixed assets are depreciated at rates ranging from 6 2/3% to 8 1/3% per annum on a straight-line basis for buildings and from 10% to 30% per annum on a diminishing balance basis for equipment.

Mining properties and claims are being depleted and the related deferred exploration and development expenses are being amortized over 12 years on a straight-line basis.

3. MINING PROPERTIES

	December 31, 1973	March 31, 1973
Camsell River, Spencer Lake and Deadman's Island	\$4,456,094	\$4,412,569
Less accumulated depletion and amortization	<u>487,601</u>	<u>210,713</u>
	3,968,493	4,201,856
Norex Resources Limited - 50% undivided interest in mining properties	418,185	308,192
Expenditures on mining properties of Duke Mining Limited	<u>28,443</u>	<u>23,850</u>
	<u>\$4,415,121</u>	<u>\$4,533,898</u>

Under the terms of an agreement with Norex Resources Limited, the 50% undivided interest in mining properties was acquired for an initial outlay of \$200,000 and a commitment by Terra to expend an additional \$300,000 on exploration and development of the property by October 20, 1974 at a minimum rate of \$100,000 per year.



Norex is currently contesting some of the amounts expended by Terra on the basis that they do not properly constitute property expenditures, and have requested that an arbitrator be appointed as provided in the agreement. In the event that the arbitrator determines that any amount claimed by Terra is not properly a property expenditure, Terra may be obliged to make further expenditures.

Under the terms of an agreement with Duke Mining Limited, the company may acquire a 50% interest in a mineral property by expending \$200,000 on the property by December 31, 1974.

Under terms of an agreement with Camsell River Investments Ltd., a 10% interest in Terra's Camsell River property was sold for \$500,000. However, the company has the option of repurchasing this 10% interest for \$500,000 at any time after a minimum of \$1,000,000 has been received as income by Camsell River. To December 31, 1973, \$444,616 has been received by Camsell River.

As part of the consideration on the acquisition of the Silver Bear claims at Camsell River in 1969 the company became obligated to pay a royalty of 5% of the net smelter returns from all minerals produced from the claims to a trust created by the vendor of the claims.

#### 4. LOANS PAYABLE

Certain loans have been converted to common shares subsequent to December 31, 1973 as set out in note 7.

A chattel mortgage on equipment has been given as security for a loan payable of \$200,886.

#### 5. ACCRUED FINANCING CHARGES

The company has agreed to sell its processed ore concentrate during the period from May 1, 1972 to May 1, 1976 under an agreement which provides for immediate payment to the company of 60% of the estimated value of the concentrate produced. The remaining 40% is paid as smelter settlements are received, after deducting marketing, smelter and royalty charges.

Under the terms of the agreement, the company is to pay to the purchaser of the concentrate a financing charge by one of the three following methods

Lump sum payable May 15, 1976	<u>\$2,450,000</u>
Payments	
May 15, 1976	\$ 600,000
May 15, 1977	<u>2,200,000</u>
	<u>\$2,800,000</u>
Payments	
May 15, 1976	\$ 600,000
May 15, 1977	600,000
May 15, 1978	600,000
May 15, 1979	<u>1,700,000</u>
	<u>\$3,500,000</u>

The company is prepaying the financing charge by paying to the purchaser 5% of concentrate sales proceeds. At December 31, 1973, \$244,946 of the financing charge has been prepaid.

As security for any amounts which may become due by the company under the agreement, the company has given the purchaser a chattel mortgage on all broken ore, ore in process, concentrates and bullion from the mine.



## 6. CAPITAL STOCK

### Share options

In addition to the conversion options granted to loanholders (note 7), as at December 31, 1973 the company has granted share options on 271,070 shares to companies and individuals who have provided financing assistance and to directors and officers of the company. The options are at prices ranging from \$2.00 to \$5.00 per share and expire at various dates to January 1, 1977.

Options on 25,000 shares at a price of \$5.00 per share have been approved by the Alberta Securities Commission. It is not known whether the balance of the options will be approved.

Subsequent to December 31, 1973, the company granted additional options on 22,500 shares to employees of the company. The option price is \$3.50 per share and the options expire at various dates to September 2, 1975. These share options have not yet been approved by the Alberta Securities Commission.

### Escrowed shares

Of the 2,872,256 issued common shares, 1,284,666 are held in escrow.

## 7. SUBSEQUENT EVENT

In February 1974 284,559 common shares were issued under the terms of a prospectus dated August 30, 1973 which offered holders of loans the option of converting their loans to shares at \$3.50 per share and offered existing shareholders the right to acquire additional shares for cash at \$3.50 per share

	<u>Number of shares</u>	<u>Amount</u>
Conversion of loans payable	215,201	\$753,203
For cash	<u>69,358</u>	<u>242,753</u>
	<u>284,559</u>	<u>\$995,956</u>

The pro-forma loss per share for the nine months ended December 31, 1973, after giving effect to the above conversion of loans to common shares, is 20.8¢ per share.

## 8. INCOME TAXES

Under the provisions of the Income Tax Act, the income from the Terra property at Camsell River is exempt from income taxes until December 31, 1973.

The company has recorded approximately \$2,200,000 in charges against income for depreciation, depletion, amortization and financing charges which have not been charged for tax purposes. These amounts are available for deduction in determining future taxable income.

## 9. REMUNERATION OF DIRECTORS AND OFFICERS

Direct remuneration of directors and officers for the nine months ended December 31, 1973 amounted to \$45,830, of which \$20,300 had not been paid at December 31, 1973.

## 10. FISCAL YEAR END

The company has changed its fiscal year end from August 31, to March 31 and subsequently to December 31, effective December 31, 1973.





